

Message Text

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PAGE 01 NEW DE 00663 141442Z

ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 COME-00 OPIC-03 OES-06 TRSE-00

/027 W

-----141837Z 042981 /44

R 140955Z JAN 77

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 582

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

LIMITED OFFICIAL USE NEW DELHI 0663

E.O. 11652: N/A

TAGS: ETRD EINV USINJC IN

SUBJECT: PLANNING FOR ECONOMIC/COMMERCIAL SUBCOMMISSION

REF: (A) NEW DELHI 17737, (B) STATE 4620

1. MOST MAJOR PROBLEMS WHICH SPECIFIC COMPANIES ENCOUNTER ARE RELATED TO DILUTION OF EQUITY UNDER FERA AND/ OR EXPANSION OF PRODUCTION. THE COMPANIES INVOLVED INCLUDE IBM, COCA COLA, UNION CARBIDE, COLGATE PALMOLIVE, CHESEBROUGH, ABBOT LABORATORIES, SKF, PFIZER, GOODYEAR AND FIRESTONE. IN THE PAST SEVERAL MONTHS IN THE COURSE OF ORDINARY BUSINESS, WE HAVE REVIEWED THE FERA STATUS OF THESE CASES WITH COMPANY REPRESENTATIVES AND OFFERED TO RAISE ANY PROBLEM WITH THE GOI EITHER DIRECTLY OR THROUGH THE ECONOMIC/COMMERCIAL SUBCOMMISSION. GENERALLY, THE LOCAL INDIAN, AMERICAN OR FOREIGN NATIONAL OFFICER ON THE SCENE DOES NOT WANT USG INVOLVEMENT UNTIL HE IS CERTAIN THAT HE CANNOT REVOLVE THE PROBLEM. HE DOES NOT WANT TO ACQUIRE THE REPUTATION OF ONE WHO ALWAYS RUNS TO THE USG FOR HELP. IN ANY EVENT, HE MUST OBTAIN APPROVAL OF HIS HOME OFFICE. WE DO NOT THINK THAT IT IS APPROPRIATE TO RAISE A SPECIFIC COMPANY ISSUE WITHOUT ITS CONCURRENCE AND THIS CONCURRENCE HAS TO BE

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PAGE 02 NEW DE 00663 141442Z

OBTAINED FROM THE HOME OFFICE.

2. THIS IS WHY WE SUGGESTED IN REF A THAT THE PROBLEMS BE RAISED BY GENERAL ISSUE RATHER THAN BY COMPANY. WE SUGGEST THAT YOU CONTACT THE US CHAMBER AS SECRETARIAT FOR THE US SIDE OF THE BUSINESS COUNCIL AND THE PHARMACEUTICAL MANUFACTURERS ASSOCIATION FOR OTHER ISSUES.

3. AN ADDITIONAL FERA-RELATED PROBLEM IS WHAT IS KNOWN HERE AS BIFURCATION OR THE SPLITTING OF A COMPANY INTO TWO PARTS. FOR EXAMPLE, A FOREIGN FIRM MIGHT PUT ITS EXPORT BUSINESS IN A 100 PER CENT FOREIGN OWNED COMPANY AND THE REMAINDER OF ITS DOMESTIC MANUFACTURING BUSINESS IN A 40 PER CENT FOREIGN OWNED COMPANY IF IT WERE MANUFACTURING A PRODUCT THAT WAS NOT CONSIDERED HIGH TECHNOLOGY OR IN THE CORE SECTOR. IF APPROVED BY THE GOI THIS WOULD ENABLE A FOREIGN FIRM TO RETAIN AT LEAST 100 PER CENT CONTROL OF AT LEAST PART OF ITS OPERATIONS. WE HAVE BEEN URGING THE GOI TO ACCET THIS PRINCIPLE BECAUSE IT WOULD BE HELPFUL TO BOTH COCA COLA AND IBM. THE PRINCIPLE IS CONSISTENT WITH THE FERA GUIDELINES AND IT IS A SPECIFIC EXAMPLE OF FLEXIBILITY IN ADMINISTRATION THAT WOULD BE HELPFUL TO AMERICAN FIRMS.

IN VIEW OF THE RELUCTANCE OF THE COMPANIES' TO HAVE THEIR NAMES USED, WE PREFER NOT TO COMPILE A COMPLETE LISTING BY COMPANY. PLEASE ADVISE.

SCHNEIDER

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Message Attributes

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Control Number: n/a
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Sent Date: 14-Jan-1977 12:00:00 am
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Disposition Action: RELEASED
Disposition Approved on Date:
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